

# **MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION**

**M P E R A**

**100 North Park Avenue  
PO Box 200131  
Helena, Montana 59620-0131  
Phone: 406-444-3154**

## **REPORTING HANDBOOK FOR EMPLOYERS**

### **Chapter 13**

**Information Pertaining to the Following System:**

**JUDGES' RETIREMENT SYSTEM (JRS)**

**For Use by All Payroll Clerks of Reporting Agencies**

**Chapter 13 - JRS**

Section 1 ..... Membership

Section 2 ..... Membership Cards

Section 3 ..... Contributions Rates

Section 4 ..... Service Purchases

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# Membership - JRS

## Introduction

The Judges' Retirement System (JRS) is a public pension system that provides retirement, disability, and death benefits for Montana judges.

Besides general information, this chapter provides a summary of the law contained in Title 19, Chapters 2 and 5, MCA. Our staff conducted careful research to ensure this chapter accurately reflects the law that governs the JRS. If this handbook differs from the law or rules as interpreted by staff, the law or rules will apply.

## Mandatory Membership

Membership is required for all Montana judges of district courts, justices of the supreme court, and the chief water judge.

Each employee in a covered position must complete a membership card upon employment. A member **may not stop membership without ending employment**. The employer must send the card to the MPERA with the first payroll report that lists the new member. **All newly hired employees must submit a new membership card even if they are already JRS members.**

*Each employee in a covered position must complete a membership card upon employment.*

The MPERA will **not pay a benefit or refund** to a member unless the MPERA has a membership card on file. Members are responsible for keeping the information current. Members may update information by completing a new card and sending it to the MPERA. Marriage, birth of a child, divorce, and death of a beneficiary are some reasons for submitting an updated membership card.

## Membership Cards - JRS

### New Employees

Each employee must complete a membership card on the first day of employment. The employee must complete both sides of the card. The employee must sign the card and a disinterested third party must witness the signature. The employer must send the card to the MPERA with the first payroll report which lists the employee as a new member. Please do not send a membership card prior to the first payroll report which lists the member. Instructions for completing the membership card are at the end of this section.

### When to Update The Information

Members should update the information on their membership card every few years or when any of the information changes. Each year the MPERA sends a statement of account to all members, which also includes the beneficiary information on file with the MPERA. If the beneficiary information is out of date or wrong, the member should submit a new card. Members should complete a new card for any of the following reasons:

- Marriage
- Birth of children
- Divorce
- Death of a beneficiary
- Name changes for any other reason

The MPERA will contact the current beneficiary on file upon the death of a member. This information is extremely important and each member must keep it current and correct.

**Refunds and other benefits cannot be processed unless a membership card is on file with the MPERA.**

### Beneficiaries

A member may designate any beneficiary the member chooses on the back of the membership card. The member may change beneficiaries any time by completing a new card and sending the card to the MPERA. Terms such as beneficiary, contingent annuitant, and survivor mean very specific things within the JRS and are defined below.

When a member dies before retirement, the designated beneficiary will receive a monthly survivorship benefit which is the actuarial equivalent of the involuntary retirement benefit. The involuntary retirement benefit is an actuarially reduced retirement benefit.

If a member dies as a direct and proximate result of injury received in the course of a member's service or duty, a survivorship benefit will be

## Death before Retirement

*If a member determines the beneficiary data on file with the MPERA is not correct, they should submit a new card.*

paid to the member's designated beneficiary. The survivorship benefit is the greater of the contingent annuitant's benefit, if applicable, or the actuarial equivalent of a member's service retirement benefit standing to the member's credit on the date of death.

Each year the MPERA sends an annual statement to each member. The statement will list the beneficiary on file with our office. If a member determines the beneficiary data on file with the MPERA is not correct, they should submit a new card.

The terms beneficiary, contingent annuitant and survivorship benefit mean very specific things within the JRS and are defined below:

**Beneficiaries** may be natural persons, trusts for the benefit of natural living persons and charitable organizations. A member may designate any of these beneficiaries on the membership card. A member may designate beneficiaries at retirement if they select the option one retirement benefit. The member may designate beneficiaries as either primary or contingent. Primary beneficiaries will receive benefits before any other beneficiaries. Contingent beneficiaries will only receive benefits if the primary beneficiaries are not living.

**Contingent annuitants** are persons a retired member designates to receive a continuing benefit under options two, three, or four after the retired member dies. The member cannot designate contingent annuitants before retirement, but must designate them when selecting the optional retirement. The member initially receives the benefit for life then the contingent annuitant receives a continuing benefit after the member's death. The important distinction is the contingent annuitant is not designated until the member selects a retirement option.

**Survivorship benefit** is a monthly payment for life to the beneficiary of a vested member who dies while an active member.

## Completing the Membership Card

All newly hired employees should fill out a membership card even if they are already members of the JRS. The employee should print or type all entries. See Figure 7 for a sample membership card.

1. **Check One.** Place a check beside Judges' Retirement System (JRS). Also check the applicable position box.
2. **Name.** The employee's last name, first name, initial, and other former names (a family name or previous married name). The employee should include any other last name that may be on file with the MPERA
3. **Social Security Number.**
4. **Current personal mailing address.**
5. **Agency.** Agency that is presently hiring the employee or currently employs the member.
6. **Date of Birth.**
7. **Sex,** F for Female/M for male.
8. **Check the appropriate reason** for submitting the card.
9. **Nomination of Beneficiary,** each member must nominate at least one beneficiary. The member must provide the name, the complete date of birth, sex, and relationship for each beneficiary listed. Ensure the member circled "P" (Primary) or "C" (Contingent) for every beneficiary. Contingent means those beneficiaries will receive benefits only if the primary beneficiaries are deceased. If a member lists more than one primary beneficiary, they will be on a **share and share alike** basis. The member may specify a different distribution under "Other."
10. **Third Party Witness.** A person who witnesses the member's signature and must be someone other than the spouse, dependent child, or beneficiary.
11. **Signature.** The member's signature and the date the card is signed are required.

*The member must provide the name, address, the complete date of birth, sex, and relationship for each beneficiary listed.*

When submitting membership cards with your payroll, please verify the above items on each card. The MPERA must return all incomplete and incorrect membership cards. If you have any questions about completion of the membership card, please contact the MPERA **before** submitting the card.

## System Requirements

|   |                                  |                                |                                       |
|---|----------------------------------|--------------------------------|---------------------------------------|
| Revised 09/01 (DO NOT USE EARLIER EDITIONS) State of Montana<br>Montana Public Employee Retirement Administration<br>P.O. Box 200131<br>Helena, Montana 59620-0131<br>Telephone: 1-877-275-7372 outside the Helena area, or<br>444-3154 in the Helena area<br><b>MEMBERSHIP CARD</b>  |                                  |                                |                                       |
| <b>Check One</b><br><b>? JUDGES RETIREMENT SYSTEM (JRS)</b><br><b>? GAME WARDENS' &amp; PEACE OFFICERS' RETIREMENT SYSTEM (GWPORS),</b> Check applicable box:<br>? Game Warden ? Motor Carrier Officer ? Campus Security Officer ? Prison Warden or Deputy ? Corrections Officer<br>? Probation Officer ? Parole Officer ? Drill Instructor ? Stock Inspector ? Stock Detective ? Motor Vehicle Inspector<br>(A PERS member who transfers to one of the above positions must choose to remain in PERS or join GWPORS within 30 days.)<br><b>? SHERIFFS' RETIREMENT SYSTEM (SRS),</b> Check applicable box:<br>? Sheriff ? Under sheriff ? Deputy Sheriff ? Criminal or Gambling Investigator<br>(A PERS member who transfers to one of the above positions must choose to remain in PERS or Join SRS within 30 days.) |                                  |                                |                                       |
| <b>**PLEASE USE INK AND PRINT OR TYPE**</b>   |                                  |                                |                                       |
| Name: (Last) (First & MI) / (Previous Last Name)  |                                  | Social Security Number         |                                       |
| Home Address: (Street /P.O. Box/Rural Route/etc.) (City)  |                                  | (State) (Zip)                  |                                       |
| Agency by which presently employed / City   |                                  | Mo Day Yr Sex<br>Date of Birth |                                       |
| CHECK APPROPRIATE BOX: ? NEW MEMBER/HIRE ? NAME CHANGE ? CHANGE BENEFICIARY/OTHER<br>YOU <u>MUST</u> COMPLETE THE BENEFICIARY INFORMATION ON REVERSE SIDE<br><b>**DO NOT FOLD**</b>   |                                  |                                |                                       |
| <b><u>NOMINATION OF BENEFICIARY</u></b>   |                                  |                                |                                       |
| You may nominate one or more primary or contingent beneficiaries by using a separate line for each person. <b>Circle "P" for primary or "C" for contingent.</b> Contingent beneficiaries receive benefits only if all listed primary beneficiaries are deceased. If you list two or more primary or contingent beneficiaries, they will be on a share and share alike basis, if you wish a different allocation, please specify under "Other".  |                                  |                                |                                       |
| I nominate as my beneficiaries: (for a woman, use her first name and initial, not Mrs. and husband's name and initial.)<br><b>**PLEASE PRINT OR TYPE**</b>  |                                  |                                |                                       |
| <b><u>CIRCLE P or C</u></b>   | <b>NAME (Last, First and MI)</b> | <b>DATE OF BIRTH</b>           | <b>RELATIONSHIP<br/>SEX TO MEMBER</b> |
| P or C  |                                  |                                |                                       |
| P or C  |                                  |                                |                                       |
| P or C  |                                  |                                |                                       |
| P or C  |                                  |                                |                                       |
| P or C  |                                  |                                |                                       |
| P or C  |                                  |                                |                                       |
| Other   |                                  |                                |                                       |
|   |                                  |                                |                                       |
| THIRD PARTY WITNESS - REQUIRED  |                                  | DATE                           | MEMBER SIGNATURE- REQUIRED            |

**Figure 7**  
**Membership Card (Front and Back)**

## Contribution Rates - JRS

### Member Contributions

The retirement statutes set the member's contribution rate and only the legislature may change the rate. Since July of 1991, the taxes are deferred on member contributions and the interest these contributions earn. Tax deferred means the member does not pay taxes until receiving the contributions as a refund or a benefit. The employer must compute and deduct the contributions from the employee's pay before deducting federal and state taxes. The current contribution rate is 7% of the employee's total compensation.

### Employer Contributions

Current law also requires the state of Montana to contribute 25.81% of the total JRS-covered payroll to the retirement system. Each payroll reporting period, the employer must send the total employee and employer contributions to the MPERA. The MPERA will put the employer contributions in the trust fund.

### Additional Service Purchase Contributions

Any member may contribute beyond regular contributions, but **only to purchase service**. The next section explains service purchases. The member must select a payment schedule provided by the MPERA. An active member can make monthly payments by tax-deferred payroll deduction. These contributions **are** tax deferred and should be deducted **before** computing federal and state taxes.



## Service Purchases - JRS

### General

JRS members may purchase certain types of service for retirement credit. Some service will count as both service and membership credit, and some will only count as service credit. The following table lists the type of service and the computer code which identifies the service.

| SERVICE | CODE |
|---------|------|
| Refund  | 025  |
| 1-for-5 | 040  |

Members who want to purchase service must send a **written request** to the MPERA to receive a cost statement. The member may pay the cost in one lump-sum or active members may make monthly payments by tax-deferred payroll deduction. Inactive vested members, members not paid monthly, or members who wish to self-pay, may send payments directly to the MPERA. (These payments are not tax-deferred.)

The MPERA will account for monthly contributions to purchase service in a separate account. When payment for the service is complete, the contribution for the service purchase will become part of the member's accumulated contributions. These contributions accumulate interest which is tax-deferred.

*The member may pay the cost in one lump-sum or by monthly payments. Active members may make monthly payments by tax-deferred payroll*

The member must sign and file a *Payroll Deduction Authorization* form to take advantage of the tax-deferred payroll deduction. Instructions and a sample form are at the end of this section. This irrevocable agreement may not be terminated except by death or termination of employment. The payment schedule cannot be less than three months or more than 60 months (five years).

## System Requirements

*Members may not receive credit for the same service in more than one retirement system.*

### Refunded Service

### 1-for-5 Service

If the service purchase is not completed before the member retires, the service credit will be pro-rated; or, the member can make a lump sum payment to complete the service purchase. Members may not receive credit for the same service **in more than one retirement system**.

The following paragraphs briefly describe some types of service a member may buy. This section does not discuss service purchases in detail and is only a summary of the procedures.

Postponing a purchase may increase the cost, since the calculation may use a higher salary or include more interest. Any member interested in buying service should write or call the MPERA for details.

Members who received a refund of their JRS account from previous employment may qualify this service as membership and service credit. The member must repay the contributions plus interest that would have accrued had the member not taken a refund. Requests to purchase refunded service must include the following: the approximate dates of service, the employer's name, the member's social security number, and the member's last name during the service. All previous names are needed because the MPERA may have data filed under those names. For example, a member may have changed names due to marriage or divorce. The MPERA will research the previous service and provide the member with a cost statement.

At any time before retirement, a member may buy one additional year of service credit for every five-year period of membership service. A member must meet certain eligibility requirements to purchase the additional service. Additional service for the JRS qualifies as membership service. The MPERA will include the additional service when calculating benefits, but not for retirement eligibility.

**Payroll Deduction  
Authorization**

JRS members who choose to purchase service by payroll deduction must complete the *Payroll Deduction Authorization* form. Refer to the sample form on the next page. Employers must sign this form and immediately send it to the MPERA when it is completed by the member. The member and employer each keep a copy and the MPERA receives the original.

Section I.

This section provides information regarding this irrevocable contract. The contract may not be revoked, except if the member dies or terminates service.

Section II.

The MPERA will complete the first part of this section as follows:

1. **Number of months** of service the member has contracted to purchase.
2. **Type of service** the member is purchasing.
3. **Number of the Section of the Montana Code Annotated (MCA)** which provides for this service purchase.

The Employee must complete the following:

1. **Amount per month** to be withheld from the employee's salary.
2. **Number of months** this amount is to be withheld.
3. **Date** the payroll deduction will begin.
4. **Signature of Member and Date.**
5. **Name of Member** (printed).
6. **Social Security Number** of member.

The employer must complete the bottom of the form:

1. **Signature of Employer Representative.**
2. **Title and Telephone Number** of Employer Representative.
3. **Date** of Signature.



**Absences - JRS**

**Work-Related  
Illness or Injury**

This section is not applicable to the JRS.

# Final Salary - JRS

## General

*The MPERA must have the last month's salary, and any pay-out the member received, to calculate the retiree's final retirement benefit.*

The JRS retirement benefit is calculated in one of two ways depending on whether the member is covered under the Guaranteed Annual Benefit Adjustment (GABA). The two calculations are as follows:

1. If the member is not covered under the GABA the benefit calculation will use the **current salary** as a factor in the formula. The **current salary** is the compensation (average of the last 12 months) for the office the judge retired from.
2. If the member is covered by GABA the benefit calculation will use the **Highest Average compensation (HAC)** as a factor in the formula. The HAC is the average of the judge's highest consecutive 36 months of compensation.

The MPERA may pay a retiree an estimated benefit while determining the final benefit, but for no more than three months. If the MPERA cannot determine a final retirement benefit after three months, benefit payments to the member will stop. Benefit payments will not resume until the MPERA determines the final retirement benefit. Any delay in reporting a retiree's final salary may require the MPERA to stop the retiree's benefit payments after three months.

*Employers must complete and return the form to the MPERA **within 30 days** of when the member retired.*

When a member requests retirement, the MPERA will send the appropriate forms to the member. First the member must complete and return all forms to the MPERA. The MPERA will then send the employer a *JRS Final Salary* form. The employer must verify the final salary; this data is used to compute the member's final retirement benefit. Employers must complete and return the form to the MPERA within 30 days of when the member retired.

Final salary for the JRS includes all compensation paid to the member. Compensation means any payments to an employee from funds controlled by the employer.

## Certification of Final Salary

A final salary form must contain details through the **last day** of the member's employment. A member's last day of "work" may not be the last day of "employment." For example, if a member works until March 10 then uses vacation or sick leave until March 31, the **last day of employment** is March 31. The employer must certify the hours of regular, overtime, vacation, and sick leave. Total hours must match total payment for the reported period. (In other words, the total hours times the rate of pay must equal the total payment.)

## System Requirements

### Instructions for Completing the Form

*The MPERA requires the number of regular, annual leave, sick leave, and overtime hours, and the correct hourly rate and the amount paid.*

Following are the instructions for completing the *Final Salary – JRS* form. The MPERA will complete the top part of the form. Refer to the following sample for information on the section which the employer must complete.

1. **Last day of work.** This includes sick leave or vacation leave your employee uses. If your employee ends employment on February 28, but stays on the payroll using vacation or sick leave until March 31, then March 31 is the last day of employment.
2. **Date of termination.** This is the last day of employment. If your employee ends employment on February 28, but stays on the payroll using vacation or sick leave until March 31, then March 31 is the last day of employment. If the member takes leave without pay until July 10th, the date of termination is July 10. The member is not eligible to receive any retirement benefits until termination of employment occurs.
3. **Final payment.** You must provide a breakdown of the hours reported on the member's final paycheck. The MPERA requires the number of regular, annual leave, sick leave, and overtime hours, and the **correct hourly rate** and the amount paid.
4. **Total,** should equal the total paid to the member.
5. **Period of Termination Final Payment,** is the last payroll period for which the member will receive a check or payment. If payment for vacation, sick leave, or final regular hours will be for March, then March is the period of separation. This example assumes a monthly pay period, but if your pay periods are different, use whatever your pay periods are. In addition to the pay period ending date you must provide the salary paid and contributions withheld.
6. **1st and 2nd Period Before Termination,** should reflect the total salary paid and contributions withheld for those periods. (In the above example, the first and second pay periods will be February and January, respectively.) Salary and contributions for the two preceding and separation pay periods must agree with the amounts reported by the payroll reports.
7. **Signature,** of the person who prepared the form.
8. **Title,** of the person who prepared the form.
9. **Date** prepared.
10. **Telephone Number,** of the person who prepared the form.

MONTANA PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION  
PO BOX 200131  
HELENA MT 59620-0131  
406-444-3154

Final Salary- JRS

TO:

NAME:

SSN:

FOR:

**This employee submitted a RETIREMENT application stating a termination date of [Retirement Date]. If this member has not terminated or is using vacation or sick leave on a daily basis after this date, please contact this office *immediately*.** Complete this form and furnish the following information at the **earliest possible date**. The amounts shown below **must** agree with the amount reported to the MPERA. Payment for annual and sick leave should be paid in a lump sum (unless otherwise specified by the employee) and contributions must be withheld from all compensation.

Last day of work (sick leave, LWOP or vacation) \_\_\_\_\_ Date of Termination \_\_\_\_\_

| Final payment for:   | Hours | Rate | Amount |
|--|-------|------|--------|
| Regular Hours .....  | x     | \$   | = \$   |
| Annual Leave .....   | x     | \$   | = \$   |
| Sick Leave .....   | x     | \$   | = \$   |
| Overtime .....   | x     | \$   | = \$   |
| Other.....<br>(Shift differential, compensation pay, etc.) | x     | \$   | = \$   |

\$ \_\_\_\_\_  
**TOTAL**

Report salary and contributions by pay period

|   | Pay Period<br>Ending Date | Salary Paid | Contributions<br>Withheld |
|---|---------------------------|-------------|---------------------------|
| Period of Termination Final Payment<br>(Include all final pay.) |                           |             |                           |
| 1st Period Before Termination                                   |                           |             |                           |
| 2nd Period Before Termination                                   |                           |             |                           |

I certify the above employee terminated employment with this agency and the information is complete and accurate to the best of my knowledge.

Preparer's Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_ Telephone Number \_\_\_\_\_

**Figure 9**  
**Certification of Final Salary Form**



## Working Retirees - JRS

### General

Retired judges and justices who voluntarily retired with eight or more years of service may be called to duty by the chief justice to serve any district court or water court.

An inactive vested judge or justice called to duty, who is not eligible to receive a monthly retirement benefit because of age, will receive a daily salary of the position being filled. They will receive this compensation regardless of the number of days served in a calendar year.

Retired judges or justices who are receiving a monthly retirement benefit at the time they are called to duty, will receive the daily salary of the position being filled for the first 180 days in a calendar year. For each day of duty, after 180 days in a calendar year, they are paid one-twentieth of the monthly salary for the position being filled minus an amount equal to one-twentieth of the monthly retirement benefit being received.